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## ANNEX

### Observations on the CAP Strategic Plan submitted by Lithuania

The Russian invasion of Ukraine and the ongoing generalised commodity price surge bring to the forefront in the strongest possible way the integral link between climate action and food security. This link is recognised in the Paris Agreement and has been incorporated in the new legislation for a Common Agricultural Policy (Regulation (EU) 2021/2115) and the Farm to Fork Strategy (COM/2020/381 final) with a view to ensuring sufficient supply of affordable food for citizens under all circumstances while transitioning towards sustainable food systems.

In this context, and in the context of the climate and biodiversity crises, Member States should review their CAP Strategic Plans to exploit all opportunities:

- to strengthen the EU’s agricultural sector resilience;
- to reduce their dependence on synthetic fertilisers and scale up the production of renewable energy without undermining food production; and
- to transform their production capacity in line with more sustainable production methods.

This entails, among other actions, support for carbon farming, support for agro-ecological practices, boosting sustainable biogas production<sup>1</sup> and its use, improving energy efficiency, extending the use of precision agriculture, fostering protein crop production, and spreading through the transfer of knowledge the widest possible application of best practices. The Commission assessed the Strategic Plans of Member States with these considerations of the sector’s economic, environmental and social viability in mind.

The following observations are made pursuant to Article 118(3) of Regulation (EU) 2021/2115. Lithuania is asked to provide the Commission with any necessary additional information and to revise the content of the CAP Strategic Plan taking into account the observations provided below.

<h2>Key issues</h2>
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### *Observations with regard to the strategic focus of the CAP Strategic Plan*

1. The Commission welcomes Lithuania’s efforts in preparation of the CAP Strategic Plan (the Plan) and the exchanges within the framework of the structured dialogue ahead of its submission. The Commission notes that the Plan reflects to some

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<sup>1</sup> Sustainable biogas production means the production of biogas that respects the sustainability and greenhouse gas emissions saving criteria laid down in Article 29 of Directive (EU) 2018/2001 (Renewable Energy Directive).

extent its recommendations of 18 December 2020 (SWD(2020)395 final). The Commission takes note of the public consultations conducted in the preparatory stage and invites Lithuania to strengthen the partnership principle during the implementation phase.

2. The Commission welcomes Lithuania's efforts to provide a broadly complete plan and acknowledges certain positive elements it contains, as indicated below.
3. However, the Commission considers that the Plan requires substantial improvement, as a number of incomplete or inconsistent elements of the Plan, specified in the subsequent sections, do not allow for full assessment of the consistency between identified needs and the proposed intervention strategy, nor of its ambition.
4. Lithuania should improve the completeness of the summary of the analysis of strengths, weaknesses, opportunities and threats (SWOT) and verify and reinforce the links between the SWOT, the identified needs and their prioritisation, as these are not always consistent. The intervention strategy for each specific objective (SO) should be clarified and improved by explaining how, and to what extent, the selection of interventions and other possible key elements of the Plan (such as conditionality or definitions) are expected to address the identified needs, consistently with the target values of results indicators, not all of which have been quantified yet, and the related financial allocations. The objectives and ambition of certain interventions, as described in the intervention strategy, do not appear to be consistent with the description of the interventions, nor do they provide clear information as to the level of ambition.
5. The Commission recalls the importance of the targets set for result indicators as a key tool to assess the ambition of the Plan and monitor its progress. The Commission requests Lithuania to revise the proposed target values, by improving their accuracy and taking into account all the relevant interventions, and by defining an adequate ambition level in line with the identified needs.

***Observations with regard to the fostering of a smart, competitive, resilient and diversified agricultural sector that ensures long term food security***

6. The Commission considers that the Plan contributes to a certain extent to this general objective.
7. The Commission welcomes the application of capping of direct payments yet considers that there is still scope to improve the fairer distribution of direct payments in particular as regards the targeting. Lithuania is therefore invited to reassess its redistribution strategy by improving the design chosen for the redistributive payment. Lithuania is invited to complement explanations by providing a quantitative analysis showing the combined effects of all proposed income support tools on redistribution.
8. The Commission welcomes the efforts to address the import dependency in some sectors, such as protein crops. However, Lithuania is invited to expand on how the Plan will address the need to ensure sustainable productivity growth and to show how the intervention strategy will improve farm income in the long-term. The Commission assessment indicates that the level of ambition appears low to address this key challenge. Moreover, in light of the Russian invasion of Ukraine, the

Commission urges Lithuania to use the possibilities offered by the Regulation (EU) 2021/2115 (Strategic Plan Regulation - SPR) to expand and strengthen its national risk management system and to also consider interventions that will help reduce dependence on fossil fuels and other externally sourced inputs to preserve the long-term sustainable production capacity and viability of farms.

9. While the SWOT acknowledges the limited horizontal and vertical cooperation within value chains in the country, the proposed interventions to respond to this need are very limited in terms of scope, coverage and ambition. Lithuania is requested to revise its approach, as it constrains the added value and competitiveness pursued.

***Observations with regard to the support for and strengthening of environmental protection, including biodiversity, and climate action and to contribute to achieving the environmental and climate-related objectives of the Union, including its commitments under the Paris Agreement***

10. The Commission notes that the Plan puts forward a number of relevant responses to the environmental and climate-related challenges, including a strengthened conditionality and a range of eco-schemes with the potential to foster a better uptake of sustainable practices across all farming systems. However, the Commission considers that the Plan does not offer an effective overall contribution to this objective.
11. The Plan does not include a clear explanation of the ‘green architecture’ nor sufficient elements to show its increased environmental and climate ambition compared to the current programming period, as required by Article 105 of the SPR. Lithuania is requested to better demonstrate the increased ambition of the ‘green architecture’ as regards environmental and climate related objectives, using qualitative and quantitative elements such as financial allocation and indicators.
12. Lithuania is invited to better outline the complementarities between conditionality, eco-schemes, agro-environment-climate commitments and other relevant rural development interventions as well as to further develop the consistency with the key pieces of the EU and national environmental legislation (Annex XIII) and the planning tools arising from that legislation, particularly those related to climate change, water and biodiversity.
13. The Commission requests Lithuania to clarify or amend certain proposed standards for Good agricultural and environmental conditions (GAEC) so that they fully comply with the regulatory framework as specified below in the detailed observations.
14. The interventions designed do not address sufficiently the need to mitigate greenhouse gas and air pollutant emissions from livestock, the need to improve nutrient management, the climate change adaptation, and the need to better manage habitats and species of EU importance, in particular grassland habitats of high natural value. In light of these points, the Commission requests Lithuania to better explain the choices proposed and, if necessary, to modify the intervention strategy.
15. Lithuania is strongly encouraged to take into account the national targets that will be laid down in the revised Regulation (EU) 2018/842 (the Effort Sharing Regulation) and Regulation (EU) 2018/841 (the Regulation for the Land Use, Land

Use Change and Forestry (LULUCF)) (revisions which are currently discussed by the EU co-legislators) in view of the legal requirement in Article 120 of the SPR to review the Plan after their application.

16. The Commission strongly encourages Lithuania to fully benefit from possibilities under the SPR to increase sustainable domestic generation and use of renewable energy, including biogas, thereby strengthening what has already been programmed in their National Energy and Climate Plan (NECP). Moreover, the Commission calls on Lithuania to support interventions that improve nutrient use efficiency, circular approaches to nutrient use, including organic fertilising as well as further steps to reduce energy consumption.
17. Lithuania is requested to take better account of the Prioritised Action Framework (PAF) and further align the proposed interventions with it.

***Observations with regard to the strengthening of the socio-economic fabric of rural areas***

18. The Commission considers that the Plan contributes insufficiently to this objective. A significant number of needs have been identified relating to the socio-economic fabric of rural areas. The proposed interventions however only partially address them and are mainly to be addressed through the community-led local development (LEADER). Lithuania is invited to review the intervention strategy in this area by allocating appropriate budgets and designing complementary interventions to add value.
19. In contrast, the Commission notes positively that the proposed allocation for young farmers is well above the minimum requirement and that a combination of tools are used to address the need for generational renewal in the sector.
20. The Commission acknowledges the identified needs for animal welfare and encourages Lithuania to propose interventions to reduce the need for tail docking in pigs and to encourage non-confined housing system for laying hens, calves and sows.

***Observations with regard to fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas***

21. The transition to more resilient and sustainable agriculture and rural areas requires a substantial effort on advice, training and innovation. On this premises, the Commission invites Lithuania to strengthen its strategy for knowledge and innovation, paying particular attention to fostering knowledge exchange and synergies in the Agricultural Knowledge and Innovation Systems (AKIS), while ensuring an adequate level of support to the relevant interventions in line with the assessment of needs.
22. The Commission considers that the information on Lithuania's digital strategy for agriculture and rural areas is not sufficient to formulate an assessment as regards its contribution to this objective. The Commission invites Lithuania to further elaborate its digitalisation strategy and reflect on how it will be addressed comprehensively across the Plan and in synergy with other policy instruments, including for addressing EU broadband connectivity targets for rural areas.

### *Other issues*

23. Lithuania has not described the coordination, synergies and complementarities of the Plan with other funds in addressing certain identified needs, especially those related to the development of rural areas and social inclusion. Such description is essential for the Commission in assessing the overall Plan strategy.

### *Information with regard to the contribution to and consistency with Green Deal targets*

24. The Commission regrets that Lithuania did not make use of the possibility to quantify the national contributions to the EU Green Deal targets set in the Farm to Fork Strategy and the Biodiversity Strategy. The Commission requests Lithuania to provide explicit explanation on the Plan's consistency with and contribution to each of the Green Deal targets in the area of antimicrobials, pesticides (on their use and risk, and on the more hazardous pesticides), landscape features, nutrient losses and broadband and indicate national values for each target. This will allow the Commission to complete the assessment of the impact of the proposed interventions.
25. Based on the Plan, the following observations summarise the Commission assessment:
  - **Anti-microbial resistance:** The Commission notes that the use of anti-microbial substances is low in Lithuania. Given the importance of animal and public health and of maintaining agriculture's strong position with consumers, the Commission encourages Lithuania to sustain the low level of anti-microbial use and consider setting a corresponding target in order to monitor the trend.
  - **Pesticides:** Due to the absence of the national values with regards to the use of pesticides and the difficulty to assess the impact of the proposed interventions, which do not clearly indicate how a reduction in pesticide pollution will be achieved the Commission cannot fully assess whether the implementation of the plan will result in a sufficient decrease in the use and risk of pesticides. Lithuania is invited to clarify this matter and to indicate the likely overall impact of the proposed interventions.
  - **Nutrient losses:** Due to the non-identification of nutrient surplus as a need, the absence of a value for the result indicator on sustainable nutrient management and lack of explanation on the expected results from the implementation of interventions, it is not possible to assess the national contribution to this target. Lithuania is invited to provide clear and quantified information and targets regarding its strategy and reinforce proposed interventions to reduce nutrient losses to the environment, to contribute to the common EU target and taking account of its contribution to improving the status of Baltic Sea.
  - **Organic farming:** The Commission welcomes Lithuania's plans by 2030 to almost double to 15% the coverage of organic farming as well as the supporting intervention. The Commission has noted the value of 12.84% set for 2027 as a milestone. Given the benefits of organic farming and the slow growth of this sector in recent years, the Commission recommends Lithuania to explore the scope for setting a higher target value.

- **High-diversity landscape features:** The Commission welcomes Lithuania's plans to address the need to increase landscape features through eco-schemes. The Plan mentions a national target of 10% of agricultural land covered with landscape elements by 2030. The Commission invites Lithuania to evaluate whether the scope and coverage of intervention proposed in the Plan is a sufficient response to achieve its national objective.
- **Rural broadband:** Lithuania is invited to set a milestone for 2025 coverage in line with the EU connectivity objective of 100% for the fast rural broadband.

## Detailed observations

26. The needs in Section 2.1 of the Plan are listed, but their prioritisation is not identified in the overview table as well as under each intervention. Also, the links between the established needs and their justification are not always strong and evident. Lithuania is invited to amend this Section so that it would comply with the requirements of point 2.1 of Annex I to Regulation (EU) 2021/2289.

### 1. STRATEGIC ASSESSMENT

#### 1.1. To foster a smart, competitive, resilient and diversified agricultural sector ensuring long term food security

##### 1.1.1. Strategic assessment of Specific Objective 1

27. In addition to the relevant comments made under 'Key issues' to this Annex, Lithuania is invited to elaborate the corresponding overview that demonstrates that the redistributive needs have sufficiently been addressed. To justify the sufficiency of the strategy and the consistency of all income support tools, Lithuania is invited to provide a quantitative analysis showing the combined effects of all relevant income support tools on income per work unit by physical size (e.g. using Farm Accountancy Data Network (FADN)). When it comes to the analysis on the Direct Payment/ha, Lithuania should provide further details. In particular, Lithuania is invited to provide a comprehensive justification for the different Complementary Redistributive Income Support for Sustainability (CRISS) thresholds selected, the different CRISS unit amounts and the target R.6 'Redistribution to smaller farms' (R.6) value trend.
28. Lithuania is also invited to provide an explanation of the expected effects of the application of capping.
29. Lithuania underpins the necessity to grant coupled payments to certain sectors by the need to increase the degree of self-sufficiency and/or mitigate imports. Those justifications are not sufficient to explain the difficulties and the needs that the targeted sectors undergo. Besides, the Member States must also take into consideration the potential impacts on the internal market. The justifications for these sectors should thus be further described and/or the support decisions re-considered to target the needs.
30. Given Lithuania's plans to implement both coupled support and sectoral interventions in the fruit and vegetables sector, the intervention strategy should demonstrate how the double funding of the same objectives will be avoided.

31. As for the consistency between the proposed Coupled Income Support (CIS) interventions and the Directive 2000/60/EC (Water Framework Directive, WFD), Lithuania is invited to explain in the dedicated section of the Plan how river-basin management challenges have been taken into account in the design and implementation of the CIS interventions.
32. The Commission welcomes Lithuania's willingness to build on the current experience and promote farm risk management. However, enhancing farm resilience is not sufficiently pronounced in the analysis nor has it been addressed in the intervention strategy. Lithuania should provide a more elaborated overview of the national situation as regards risks in agriculture, such as the increasing market exposure of the agricultural sector, climate change and associated frequency and severity of extreme weather events, as well as sanitary and phytosanitary crises. It should explain in more detail the approach to addressing these risks, including how different interventions (also beyond risk management tools, and including sectoral programmes) and any national instruments or arrangements will contribute to helping farmers face those risks. Moreover, risk management tools may address the growing risks that the changing climate represents in agriculture. Lithuania is invited to consider incentives for farmers to take proactive measures reducing their vulnerability and increasing their adaptive capacity to climate change.
33. In addition to sectors benefitting from sectoral support described in Section 3.5 of the Plan, Lithuania is invited to add a description on sectors which benefit from coupled support.

#### *1.1.2. Strategic assessment of Specific Objective 2*

34. According to the SWOT analysis, there is a need for strengthening the competitiveness of the agricultural sector by addressing the low productivity, diversification and production/processing sustainability. Lithuania is invited to provide more information on how these aspects are taken into consideration as well as how the need for enhanced market orientation, including greater focus on research, technology and digitalisation, will be addressed.
35. Additional explanations are also requested on the values set for the result indicator R.9 'Farm modernisation' (R.9) for this SO, which seem very low to address the needs identified in the SWOT analysis.
36. The description of the intervention strategy is very general. Thus, it does not allow a proper assessment of the contribution of the selected interventions to this SO. Lithuania should address this deficiency.

#### *1.1.3. Strategic assessment of Specific Objective 3*

37. Despite the clear needs identified by Lithuania to encourage farm cooperation, including the creation of producer organisations (POs) and to increase farmers' bargaining power, the intervention strategy for SO3 refers only to compulsory sectoral interventions in the fruit and vegetable, apiculture and wine sectors. Also, under SO2 Lithuania underlines the need to increase both the added value of farms and their competitiveness. Lithuania is invited to explain the reasons behind the decision not to extend sectoral interventions beyond these three sectors.

38. Based on the Plan, Lithuania does not intend to continue support for setting up POs under Article 77 of the SPR. Given the extremely low number of POs in the country, Lithuania is invited to explain how the Plan will respond to the identified need to improve producers' cooperation.
39. The planned result of the cooperation activities overall shows an extremely low target value (R.10 'Better supply chain organisation', R.10) and raises concerns whether the intervention strategy effectively responds to the identified needs.
40. In accordance with Article 109(2) of the SPR, Lithuania is invited to complete its assessment of complementarities/consistency among various interventions (sectorial, CIS and rural development interventions targeting the same sectors).
41. Lithuania is invited to consider linking the interventions in the wine sector to SO3 in order to improve the position of wine producers in the food supply chain rather than to SO9.

**1.2. To support and strengthen environmental protection, including biodiversity, and climatic action and to contribute to achieving the environmental and climate-related objectives of the Union including its commitments under the Paris Agreement**

42. The Commission welcomes the analysis and explanations in relation to SOs 4, 5 and 6 with regard to Lithuania's background situation, needs to be addressed and responses to those needs. However, the Plan fails to provide a comprehensive explanation of the intervention strategy for these objectives. The following key issues need to be addressed:

*1.2.1. Strategic assessment of Specific Objective 4*

43. In addition to the observations made under the 'Key issues' to this Annex, the SWOT analysis and needs assessment have several gaps:
  - The SWOT identifies the use of mineral fertilisers as a weakness but does not indicate any need under SO4 to tackle this issue. Lithuania should consider linking the relevant need to SO4 as well as to SO5.
  - The SWOT only mentions the strength of the large forest area in Lithuania and its great potential as a sink for greenhouse gas (GHG) emissions. Lithuania should consider the threat of decreasing sinks of forests and grasslands.
  - As regards soil, Lithuania could consider splitting the need d.2 into 'technologies to reduce GHG' and 'increase organic carbon in soil', as separately they could be better targeted.
  - Lithuania should also include energy efficiency on farms and consider including an appropriate intervention if relevant according to the assessment made.
44. The intervention strategy could better address several needs:
  - Need b.3: Lithuania is requested to better explain the need for action regarding 'regulated drainage'. The Plan does not justify why this need has relevance for climate change adaptation and/or mitigation.



- Need d.3: The Plan includes several interventions (under eco-schemes) on drained agricultural peatlands and extensive wetland management. However, Lithuania is encouraged to consider including a specific intervention on rewetting peatlands or the conversion to paludiculture.
  - Need d.4: The Plan does not include any intervention directly focusing on farm resilience through modern water management nor an indication on alternative actions (national or using other EU funds).
45. Lithuania should explain what actions will be taken to reduce enteric methane with actions in the Plan or other national measures (regulatory or other) and consider including R.13 ‘Reducing emissions in the livestock sector’ (R.13).
  46. The SWOT underlines issues with biogas production, but these, together with any other sorts of renewable energy, are not really addressed in the intervention strategy. Lithuania should review this aspect in line with the relevant comments in the ‘Key issues’ to this Annex.
  47. Lithuania should consider additional measures to reduce GHG and air pollutant emissions from specific practices like manure management by implementing proper techniques to prevent pollution from installations and also during the management of processes. Lithuania is invited to provide an estimate of the mitigation potential under the concerned interventions. The Plan should also clarify how it will improve the uptake of sustainable investments which directly contribute to reducing GHG and ammonia emissions, in particular investments to improve manure management.
  48. Lithuania should revise the forestry interventions with a view to improve the resilience of existing and new forest stands.

#### *1.2.2. Strategic assessment of Specific Objective 5*

49. Lithuania should consider and address the following gaps in the SWOT analysis and the needs assessment:
  - The SWOT identifies the use of mineral fertilisers as a weakness. Nutrient surplus should also be pointed out as need.
  - The eutrophication of the Baltic Sea due to nutrient loads is not specifically addressed, though the excess of nitrogen and phosphorus from agricultural activities is identified as a weakness. The Commission requests Lithuania to explain how its Plan is contributing to actions towards the reduction of eutrophication in line with Lithuania’s commitments under the Baltic Sea Action Plan.
  - The situation and trends on chemical pesticides use should be clearly presented under SO5 and SO6.
  - Lithuania is requested to provide more details on air pollution from agriculture and set values for relevant result indicators R.13 and R.20 ‘Improving air quality’. The recognised increase of ammonia emissions from application of mineral fertilisers identified in the SWOT and need e.2 should be linked to air pollution. Synergies are possible between reducing GHG and ammonia emissions.

- Important water-related issues are missing in the needs analysis (including hydromorphological changes). Lithuania should consider the analysis performed under the 3<sup>rd</sup> River Basin Management Plan when available in the intervention logic.
50. Lithuania should explain how the ‘low availability of on-farm irrigation’, identified as one of the major weaknesses in the SWOT analysis, will be addressed. The promotion of irrigation and interventions to increase the availability of water for soils through adaptive and drought resilient farming practices is not very prominent in the intervention strategy. Lithuania should further elaborate the links between SO4 and SO5, on how the resilience and adaptation of farms to climate change risks could be improved through modern water management systems. Lithuania should strive for coherent water policies to ensure that potential water savings revert in environmental benefits while following the principles of the EU Adaptation Strategy.
  51. Lithuania is requested to include a more detailed description of what actions are envisaged in order to contribute to the achievement of the targets set in the Directives listed in Annex XIII to the SPR.
  52. GAECs are not explicitly included in the intervention strategy chapters for SO5 (and SO6) and the contribution of eco-schemes is not explained in detail.
  53. Values are missing for the result indicators related to water quality and water pollution (R.21 ‘Protecting water quality’ (R.21), R.23 ‘Sustainable water use’) while those for R.22 ‘Sustainable nutrient management’ (R.22), R.24 ‘Sustainable and reduced use of pesticides’ (R.24), R.26 ‘Investment related to natural resources’ (R.26) are very low. Lithuania is invited to revise the targets in order to properly address water related issues.
  54. The Plan’s contribution, particularly from eco-schemes, to a better management of nutrient and pesticides is uncertain considering that 25% of water bodies are under significant pressures due to diffuse pollution from agriculture and nearly 48% of surface water bodies fail to achieve good ecological status. Lithuania is therefore requested to explain how it intends to address water pollution problems with the Plan and other national tools and, if necessary, to plan more targeted actions.
  55. Lithuania is requested to explain how the use of integrated pest management and alternative approaches such as non-chemical alternatives will be promoted among farmers and what interventions will contribute to reduce the use of chemical pesticides.
  56. The Commission encourages Lithuania to explain the links with the Best Available Techniques (BAT) conclusions including BAT-associated emission level (BAT-AEL) notably in the context of reduce emissions of pollutants from installations (e.g. ammonia).

### *1.2.3. Strategic assessment of Specific Objective 6*

57. Lithuania should further clarify this objective by improving the SWOT, the identification of the needs, the intervention strategy and completing the overall target values which are missing for several result indicators listed under this SO.

58. Lithuania should consider completing the SWOT analysis and the needs assessment with the following elements:
- The threats related to farming on high nature value areas should be better identified. They should include aspects such as expansion of monocultures, removal of landscape features, excessive use of chemicals such as pesticides, diffuse surface water pollution, drainage and disruption of the hydrological regime. Abandonment of meadows and pastures (no mowing, no grazing) is also a prominent threat.
  - The Plan should clearly acknowledge that there is a need to improve the conservation status of habitats and species of EU importance associated with agricultural land both inside and outside Natura 2000 in line with the PAF for Natura 2000. Lithuania is requested to take better account of the PAF and further align the proposed interventions with it.
  - The large areas of forestry and their positive impact on biodiversity should be emphasised. No threats linked to forests are identified, yet for some forest habitats, decline of traditional farming (grazing in forests) is one of the key threats.
  - The key drivers of pollinators decline that result from agricultural activities.
59. The Commission considers that the proposed interventions and dedicated funding might not be sufficient to halt the deterioration of biodiversity in Lithuania. Most of the relevant target values are very low, which shows the limited impact of the Plan on the protection of biodiversity (e.g. only 0.32% of UAA will be under commitments (R.31 ‘Preserving habitats and species’, R.31), and only 0.32% of farms will benefit from investment support (R.32 ‘Investments related to biodiversity’, R.32) contributing to biodiversity).

#### *1.2.4. Green architecture*

60. As indicated under ‘Key issues’ to this Annex, Lithuania is requested to improve the description of the contribution of the Plan to the national commitments and the relevant legislative instruments, such as ESR, LULUCF, the Directive (EU) 2018/2001 (Renewable Energy Directive, RED II), and the Directive 2012/27/EU (Energy Efficiency Directive, EED).
61. Lithuania is requested to improve the consistency of the Plan with its National Energy and Climate Plan (submitted under Regulation (EU) 2018/1999) which states the goals of achieving a more balanced use of mineral fertilisers, informing farmers about climate friendly and productive livestock farming, and reducing the use of fossil fuel consumption by 5.7%.
62. In addition to the observations reported under ‘Key issues’ to this Annex, the Commission notes with concern the weak description of the green architecture and requests Lithuania to provide a more complete description.
63. Section 3.1.1 on conditionality is insufficiently developed. This section should provide a comprehensive overview of the contribution of enhanced conditionality per SO and explain how the conditionality standards, particularly GAECs, have

been strengthened for the period 2023-2027 compared to the current cross-compliance and greening practices.

64. As regards section 3.1.2, the Lithuanian Plan fails to provide a comprehensive view of the overall “green strategy” of the Plan including how the different tools and interventions interplay. The information on the number and list of interventions does not match Section 5. This section should be further elaborated to summarise all the relevant tools and interventions foreseen in the Plan.
65. Lithuania should review and, where relevant, redesign its proposed eco-schemes to improve the practices included and focus on those interventions that have a higher environmental value. This would reduce the potential risk that the funds allocated are scattered among many interventions and thus lose their effectiveness and that farmers mostly subscribe to the least ambitious ones.
66. Lithuania is invited to describe how the forests and forestry needs will be addressed through the Plan and other national funding.

#### *1.2.5. Greater overall contribution*

67. Section 3.1.3 mainly includes general statements and does not allow for the assessment as to the greater ambition regarding climate and environmental-related objectives (Article 105 of the SPR).
68. Lithuania should substantially address and improve the current shortcomings of the Plan, as laid down in this Annex and further substantiate the following elements: summarise how the GAECs have been strengthened, confirm which eco-schemes are completely new and which have been transferred from the agri-environment and climate measure of the current Rural Development Programme (RDP), allocated funding.

### **1.3. To strengthen the socio-economic fabric of rural areas**

#### *1.3.1. Strategic assessment of Specific Objective 7*

69. The Commission welcomes the analysis of SO7 and acknowledges Lithuania’s efforts to design the generational renewal strategy and the intervention strategy for SO7. The Commission believes there is a scope for improvement in terms of better articulating the prioritisation of needs as well as listing and describing all interventions in the intervention strategy in favour of young farmers.

#### *1.3.2. Strategic assessment of Specific Objective 8*

70. Lithuania is invited to review the intervention strategy for the needs related with SO8 to show how they can be realistically met. Lithuania has a large rural-urban divide and significant rural social and territorial needs. The community-led local development (LEADER) and Smart Villages, as the main interventions in this area, are unlikely to meet them all. Lithuania is therefore invited to consider appropriate interventions outside LEADER or explain how the needs of rural areas will be addressed by other Funds or national instruments. The assessment of the intervention strategy is also complicated due to the fact that the Plan does not set values for indicators R.37 ‘Growth and jobs in rural areas’ (R.37) and R.42 ‘Promoting social inclusion’.

71. Lithuania should clarify whether the need identified and the intervention related to the bioeconomy also encompass the forestry sector.

#### *1.3.3. Strategic assessment of Specific Objective 9*

72. Lithuania is invited to provide additional clarifications on the intervention strategy, especially on how the identified needs for enhanced animal welfare for animals (pigs and hens) covered by the SWOT analysis will be addressed. There is no rationale in the SWOT analysis to justify the eco-scheme TI05eko9 on animal welfare which targets cows, nor an intervention in the wine sector. Lithuania is asked to address this incoherence.
73. Lithuania has provided very limited details on how the proposed interventions will contribute towards increasing biosecurity and combatting antimicrobial resistance. The Commission invites Lithuania to clarify this contribution as well as to complete Section 2.3.3 of the Plan in this respect.
74. While overall the Commission welcomes the various interventions proposed, there is some concern related to greater reliance on the increase in organic agriculture, and a wide number of what could be considered low impact interventions, to achieve the targets on the reduction of the use and risk of chemical pesticides. In order to assess better the effects of the proposed interventions, Lithuania is invited to provide a target value for result indicator R.43 'Limiting antimicrobial use' and explain the downward trend in milestones for R.44 'Improving animal welfare' foreseen during the programming period.
75. The Commission considers that the extent to which the Plan intends to support a shift to healthier and more sustainable diets requires additional explanations as the planned interventions are aimed at ensuring the supply of 'safe, organic and high quality products' rather than their consumption.
76. The Commission notes that, while food waste is mentioned in the SWOT analysis, no needs are identified in the CAP Strategic Plan, and no specific interventions are proposed, which cover food waste. However, since several interventions seem to refer partly to food waste prevention, Lithuania is invited to clarify this point as well as any intended coordination with the national food waste reduction measures.

### **1.4. Modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake by farmers, through improved access to research, innovation knowledge exchange and training**

#### *1.4.1. Strategic assessment of the cross-cutting objective*

77. There is scope for further improvement of the current fragmented Agricultural Knowledge and Innovation System (AKIS) in Lithuania, that could be achieved by strengthening the intervention strategy and fully addressing insufficient knowledge flows listed among the weaknesses of AKIS in the analysis.
78. The envisaged AKIS still has too many linear innovation model elements, also in the interventions not all stakeholders are equal and research is expected to bring most of the knowledge. The SPR envisages an interactive innovation model (Art 127(3)) which focuses on equality of partners and co-creation, to speed up

knowledge and innovation uptake. Lithuania is invited to explain how administrative burden related to the organisation of advice will be avoided and how all advisors will be fully integrated within the AKIS and its knowledge flows.

79. According to Article 15(4)(e) of the SPR, the Commission invites Lithuania to describe how innovation support will be organised. Lithuania should also explain whether all impartial advisors, public and private, will be integrated in the AKIS and its knowledge flows (Article 15(2)), and how farmers' needs will be taken into account in knowledge exchange interventions.
80. The proposed digitalisation strategy is very general. The lack of details and of quantified targets (R.3 'Digitalising agriculture' (R.3), R. 40 'Smart transition of the rural economy' and R.41 'Connecting rural Europe') makes the assessment difficult.
81. In relation to broadband, the Commission invites Lithuania to provide further details on how the full connectivity to fast broadband of 100 Mbps by 2025 will be ensured in order to reach the EU connectivity objectives in 2025 and 2030 in rural areas. In line with the comments made under the 'Key issues' to this Annex, Lithuania should indicate the level of priority for the need h.4. Lithuania is also invited to provide further details on the quality of 4G mobile coverage in rural areas and explain how Lithuania will reach the 5G target in all (populated) areas by 2030 at the latest and explain the differences in data used to demonstrate the coverage of households by fast broadband.

#### **1.5. Simplification for final beneficiaries**

82. Lithuania is requested to clarify on which data the pre-filling of the applicant's single application is based and whether LPIS three-yearly updates will feed into the single application.
83. Lithuania is invited to provide information on whether the Area Monitoring System (AMS) will be used for force majeure cases as laid down in Article 3 of Regulation (EU) 2021/2116.

#### **1.6. Target plan**

84. The Commission considers that the ambition of several result indicators is very low (e.g. R.22, R.24, R.29 'Development of organic agriculture' (R.29), R.34 'Preserving landscape features'). Lithuania should reinforce the related interventions, so that the ambition could be increased.
85. Lithuania is invited to complete the target plan by adding or correcting values of output and result indicators, as well as links to relevant result indicators. For instance, links to R.3, R.15 'Green energy from agriculture and forestry and from other renewable sources' (R.15), R.28 'Environmental and climate-related performance through knowledge' (R.28), R.37 'Growth and jobs in rural areas', and R.43 'Limiting antimicrobial use' should be added in the Plan.
86. The Commission has concerns on the non-use of R.15 for renewables investment, bearing in mind the Green Deal targets, and invites Lithuania to reconsider its selection.

## **2. OPERATIONAL ASSESSMENT**

87. In Section 4.7.3 of the Plan, for activities falling outside the scope of Article 42 of the TFEU, there must be an exclusion of companies in difficulty or companies still having a pending recovery order following a Commission decision declaring an aid illegal and incompatible with the internal market, except in the cases mentioned in the applicable State aid rules.
88. Throughout the Plan, the information regarding compatibility with State aid rules has not been filled out consistently. Lithuania is requested to provide this information in accordance with Article 111(1) of the SPR and point 5(e)(vii) of Annex I to Regulation (EU) 2021/2289.
89. For the interventions listed in Annex II to SPR, the interventions description needs to include the appropriate WTO correspondence along with an explanation on how compliance with WTO rules is ensured.

### **2.1. Minimum ring-fencing**

90. Lithuania is requested to correct the information provided in Section 5 with regards to the financial allocations of eco-schemes for the calendar years 2023-2024, which are lower than the 25% required by Article 97(1) of the SPR.
91. The amounts that are to be considered as necessary to meeting the minimum ring-fencing requirements for young farmers should be clearly indicated in the overview table of the financial plan (Section 6.1).
92. Lithuania should better specify in Section 5.2 of its plan that 15% of the costs of the operational programme of the producer organisations in the fruit and vegetable sector must be earmarked for environmental and climate interventions (Article 50(7)(a) of the SPR). Similarly, Lithuania should ensure that at least 2% of expenditure under operational programmes covers the intervention linked to the objective referred to in point (d) (research, development and innovation) of Article 46 (Article 50(7)(c) of the SPR).
93. In the wine sector, Lithuania plans only a promotion intervention under Article 58(1)(k) of the SPR. However, the promotion type of intervention typically pursues only the objectives laid down in points (b) and (c) of Article 6(1) of the SPR. The Commission urges Lithuania to plan a type of intervention that can contribute to the environmental objectives set out in the latter Article and help achieving the compulsory environmental contribution of 5% of expenditure earmarked for environmental objectives pursuant to Article 60(4) of the SPR.

### **2.2. Definitions and minimum requirements**

94. The information provided in Sections 4.1 and 4.2 of the Plan needs better structuring and further clarifications. Lithuania is requested:
  - To confirm that it will use the same definition of production as set under Article 4(1)(c)(i) of Regulation (EU) No 1307/2013 or further defining the definition under Article 4(2)(a) of the SPR. In fact, the latter framework definition of production lays down the necessary common elements to be included in a more developed definition established at national level.

- To include the maintenance criteria for permanent crops under Section 4.1.1.2.2.
  - Providing information on the elements of agroforestry based e.g. on type of trees, their size, number, distribution in relation to pedo-climatic conditions or management practices (whether or not differentiated per type of agricultural area) under Section 4.1.2.1.
  - To provide a list of eligible species, their maximum rotation cycle and the minimum planting density under Section 4.1.2.3.2.
  - To clarify the criterion ‘reseeded with different type of grasses’ under Section 4.1.2.4.4.
  - To provide a more elaborated list of criteria to determine the predominance of the agricultural activity in case the area is also used for non-agricultural activity under Section 4.1.3.1.
  - To provide details of how the actual and lawful use of the land will be verified under Section 4.1.3.2.
  - As regards the definition of ‘active farmer’ under Section 4.1.4.1, to ensure that the negative list is not the main but rather a complementary criterion and to clarify whether the described criteria do not penalise those who are not involved in productive activities.
  - To provide the justification for the threshold, based on qualitative and quantitative data (e.g. a number of excluded farms), under Section 4.1.4.3.
  - To determine the conditions for head of the holding in case of legal entity and to provide details on the appropriate skills/training under Section 4.1.5.
  - To provide the quantitative justification for the ‘minimum requirements’ thresholds set under Section 4.1.7.2 and, depending on its intended applicability, to move the information on minimum size of the parcel either to the BISS or to the IACS part of the Plan.
  - To clarify and not repeat the definition of ‘agricultural activity’ under Section 4.1.8, because the definition of ‘agricultural activity’ is already provided under Section 4.1.1.
95. Lithuania is requested to provide the estimated result of the capping and define where it will be assigned (Section 4.2.2.3 is empty), as well as describe the method used to determine deductible costs.
96. Lithuania is invited to include in Section 4.3 on technical assistance a confirmation that the costs of the Certification Bodies will not be covered.
97. Section 4.4 on the national CAP Network lacks some details, in accordance with Point 4.4 of Annex I to Commission Implementing Regulation (EU) 2021/2289, to fully assess the overall structure and functioning of the network. Lithuania is requested to provide additional information and clarifications as regards the tasks of the network, where the (mandatory) task provided for in Article 126(4)(e) of the SPR – support for co-operation projects including transnational co-operation in general (not just AKIS) – does not appear to be included; some summary



information on membership of the network (where it is indicated Managing Authority will fix criteria); if any regional level components are envisaged, and the indicative financing foreseen for the network. In addition, no timeline is indicated for the establishment of the CAP network (it is understood that Lithuania intends rather to continue its current Rural Network of Lithuania from the previous programming periods). Furthermore:

- Article 127 of the SPR provides for the European Innovation Partnership (EIP) operational groups to disseminate a summary of their plans as well as of the results of the projects. Therefore, the Commission requests Lithuania to explain how the dissemination of projects' plans will be arranged.
  - As regards the operation of the network, Lithuania should indicate which body will have the role of Network Secretariat (in Table 7.1 on governance bodies).
  - Clarification is also requested on the modalities for selection of those CAP network 'project activities', for which it is indicated (in Section 4.3.3) that members of the network are the beneficiaries.
  - Lithuania should also specify what concrete actions the CAP Network will undertake to interact with Horizon Europe, to support the EIP operational groups to profit from synergies with the EU research framework.
98. The description in Section 4.5 on coordination, demarcation and complementarities is insufficient to give the required overview required in Article 110(d)(v) of the SPR. Lithuania is invited to provide a comprehensive description of how EU funds and initiatives active in rural areas work together with the Plan. These include: the Cohesion Fund, the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+), the Digital Europe Programme (DEP), the Connecting Europe Facility (CEF2 Digital), the Programme for the Environment and Climate Action (LIFE) and Horizon Europe.
99. Given the importance of Horizon Europe in tackling issues such as soil health, climate change, biodiversity, food systems and competitiveness, Lithuania is invited to consider actions creating synergies between the Plan and Horizon Europe actions with specific attention to EIP Operational Groups and Horizon Thematic Networks and Multi-actor projects. Lithuania is invited to provide additional information on links of the Plan with the Horizon Europe Programme, Missions and the Partnerships in particular with the Missions "A soil deal for Europe", "Adaptation to Climate Change" and "Restore our Ocean and Waters by 2030".

## **2.3. Interventions and baseline**

### *2.3.1. Conditionality*

#### **GAEC 1**

100. Lithuania should withdraw the exception number 4 for areas declared as organic as it is not in line with Article 48(4) of Regulation (EU) 2022/126 to provide that areas of organic farming are always counted for the restoration of permanent grassland. In accordance with Regulation (EU) 2021/2289, Lithuania is required to indicate the value of the reference ratio (2018) for permanent grassland and the method of calculation. In view of the observed decline of permanent grasslands in

Lithuania, it is important to design GAEC 1 in a way that no illegitimate conversions of permanent grassland are carried out. Lithuania is strongly encouraged to implement a system of prior authorisation when the decrease of the annual ratio compared to the reference ratio comes close to 5%.

## **GAEC 2**

101. The Commission acknowledges the justification to apply GAEC 2 from 2024 and invites Lithuania to set up the management system for its application.
102. As regards the practices set out, Lithuania is requested to clarify the requirement of “not convert wetland areas into peatland or otherwise drain”. The protection requirement should apply to both wetlands and peatlands areas (not converting one into the other). The Commission welcomes the exclusion of new drainage systems. ‘Repair and reconstruction’ of old drainage should be allowed only under the condition to improve the environmental condition of peatland, particularly minimising the mineralization of organic matter or restoring the natural hydrological regime in drained peatlands. Modern drainage systems have the potential to both extract and reintroduce water (so called dry-rewetting technique) when needed, which allows rewetting the fields during some periods of the year and then minimizing losses of carbon when complete rewetting is not possible. Lithuania should also envisage low tillage of drained peatlands as the tillage practices substantially contribute to GHG emissions.

## **GAEC 4**

103. The definition provided by Lithuania does not seem to cover the watercourses with less-than-good quality status and that require buffer strips in order to prevent water pollution. In addition, the Plan indicates that buffer strips will be established on the basis of digital maps in accordance with the national legislation. However, the description of this standard does not include the requirements under Nitrate Action Programmes within Nitrate Vulnerable Zones (NVZ) designated under the Nitrates Directive (Directive 91/676/EEC) when these set out wider widths for buffer strips. Lithuania is requested to revise the definition of the GAEC 4 standard accordingly.

## **GAEC 5**

104. Lithuania is requested to further specify the tillage techniques by taking into account the tillage direction (across slope rather than down the slope). The proposed standards are applied solely to the areas with slope of more than 12 % gradient, which is not the only factor having an impact on soil erosion. Lithuania is invited to consider other areas at risk of erosion for applying tillage management practices; including areas with lower slope gradient.

## **GAEC 6**

105. The proposed definition is insufficient to ensure the GAEC objective. Article 13 of the SPR provides for Member States to set out the appropriate timing and condition of the soil cover to ensure adequate coverage. However, all concerned land (arable, permanent crops, fallow) are expected to be covered. In light of this, Lithuania should apply the requirement on soil cover to all arable land of the holding, not to “at least 50%” and to envisage minimum rules for permanent crops. The requirement presented under point 1 of the GAEC description is not possible as the

exemption for some crops such as vegetables, potatoes, maize and beet is not in line with the footnote 3 to GAEC 6.

## **GAEC 7**

106. The proposed duration of at least 4 weeks for the intermediate crops seems insufficient to ensure a significant break between the planting of the same crops in two consecutive years. Lithuania is therefore requested to extend the minimum period for intermediate crops. Moreover, Lithuania should define more precise rotation requirements for maize to ensure that this crop cannot be sown on the same parcel in consecutive years (unless including an intermediate crop in the rotation). Otherwise, Lithuania should provide a justification for this exemption based on the footnote 4 in Annex III to the SPR. In this respect, the Commission recalls that following the provisions of Article 13 of the SPR, Lithuania might consider applying the standards to a part of the arable land of the farm. However, it should be ensured that all parcels of arable area undergo the growing of different crops in succession across a sequence of two or three growing years.

## **GAEC 8**

107. The conversion factors for several landscape features (e.g., stone piles, ditches, field margins, buffer strips, trees) seem high. Lithuania is requested to explain whether these factors are based on the current rules for ecological focus areas (within greening). Option 2 is selected, but the corresponding eco-schemes allowing farmers to comply with the GAEC have not been planned. Lithuania should address this inconsistency. As regards option 3, Lithuania should explain the expected contribution of catch crops and N-fixing crops to the GAEC objective.

## **GAEC 9**

108. The presented provision on “grasslands may be rehabilitated, ploughed and sown if this is permitted by the nature management plan” raises concerns on whether it is in line with the GAEC definition that clearly requires that environmentally sensitive permanent grasslands in Natura 2000 areas are not converted or ploughed up. Lithuania is requested to set out clearly that the renewal and re-sowing of semi-natural grasslands habitats can be carried out only after approval of the competent nature conservation authority.

### *2.3.2. For direct income support*

#### *2.3.2.1. BISS (Articles 21-28 of the SPR, Section 5 of the Plan)*

109. Applicable minimum requirements, definition of agricultural land, of agricultural activity, etc. for the Basic Income Support for Sustainability (BISS) should be included in Section 4.1 and are not to be repeated in Section 5.

110. The unit amount and its variation cannot be justified as being the result from the division of the BISS envelope by the number of estimated eligible hectares. It should instead be justified primarily on the basis of the analysis of the income needs and only then comparing to the budget available.

111. Lithuania is invited to reconsider the variation of the unit amount as it is considered to be very high and not sufficiently justified. The justification of the unit amount on

the one hand, and of minimum and maximum unit amounts on the other hand, should be linked. These justifications should primarily be based on data related to the needs which the relevant intervention is intended to address. Elements of uncertainty leading to a risk of unspent funds can be added to justify the variation. However, these elements must be explained and where possible based on data, e.g. related to past experience related to under-execution.

#### 2.3.2.2. *CRISS (Article 29 of the SPR, Section 5 of the Plan)*

112. Lithuania should ensure that the unit amounts for the highest thresholds/ranges do not exceed the national average amount of direct payments per hectare for a given claim year in accordance with Article 29(4) of the SPR.
113. Lithuania should revise the variation of the unit amount as it is very high and not adequately justified. The explanation provided by the Commission above on the variation of the unit amount with regard to BISS is also valid for CRISS.
114. Further evidence is needed on the higher unit amounts for the ranges above certain hectare thresholds focusing CRISS towards middle-size farms and on the relevance of the maximum threshold.

#### 2.3.2.3. *CISYF (Article 30 of the SPR, Section 5 of the Plan)*

115. For the Complementary Income Support for Young Farmers (CISYF), Lithuania is invited to check the consistency of the eligibility conditions for natural and legal persons and the newly set up requirement. Although Lithuania has provided a comprehensive justification for the hectare threshold and the planned unit amount, justification for the variations of minimum and maximum unit amounts is missing.

#### 2.3.2.4. *Eco-schemes (Article 31 of the SPR, Section 5 of the Plan)*

##### **Observations common to all or multiple eco-schemes**

116. Considerable revision of the proposed eco-schemes is required. Lithuania is requested to:
  - complete the overview of the links between the eco-scheme and the selected needs as well as to ensure coherence between objectives, result indicators, commitments and baseline provided under the different sub-sections of an eco-scheme description;
  - elaborate the general support conditions for all eco-schemes capturing general elements, such as: limits to how many eco-schemes a farmer can subscribe to, what are the most favourable combinations, etc. The Plan insufficiently explains how the interventions under the eco-schemes and those agro-environmental-climate commitments are inter-linked and build on each other;
  - explain how the compliance with Article 31(8) of the SPR is ensured, in particular on the effectiveness and efficiency of eco-schemes based on basic agro-ecological practices, such as crop rotation, catch crops, riparian melliferous strips. The Commission considers that farmers should be encouraged to subscribe to several schemes to ensure a more holistic farming approach and maximized benefits for

the environment. Lithuania is invited to develop further a points-based system to improve the expected benefits of the practices;

- clearly differentiate the eligibility conditions from the commitments, which in the current draft are presented together, as well as ensure proportionality and relevance of the selected eligibility conditions;
- indicate the type of eligible area (arable land, permanent grassland, other) as this is an essential element of the intervention. It is also unclear if all the land of the holding should be enrolled in the different eco-schemes. The Commission welcomes that, for some eco-schemes, farmers are requested to subscribe for a minimum number of years with the aim of delivering greater environmental impact;
- further elaborate the commitments by ensuring coherence between the needs and the result indicators for each eco-scheme. It is important to clearly explain the expected environmental and climate benefits of the interventions, in particular of those for the maintenance of traditional beneficial practices and the transition towards new agricultural practices;
- explain the links to the SOs selected and justify the contribution of the designed eco-scheme;
- select the result indicators R.4 ‘Linking income support to standards and good practices’ (R.4), R.6 and R.7 ‘Enhancing support for farms in areas with specific needs’ (R.7) for all eco-schemes. The latter two result indicators do not reflect the environmental contribution of eco-schemes but they do provide information on key objectives for direct payments, which are redistribution of support towards small and medium holdings and contribution to support to areas with higher needs;
- justify the proposed flexibility of planned unit amounts (the minimum levels are 30% lower than the planned amounts);
- provide the full certified method of calculation (when carried out by an independent body) and, in case it has been carried out by the managing authority, the certification by an independent body in an annex to the Plan.

### **Specific comments on individual eco-schemes**

117. In addition to the general observations above, the Commission requests Lithuania to take into account the specific comments on individual eco-schemes listed below.
118. TI05eko 1.1 ‘Crop rotation’, Lithuania should enhance the added value of this eco-scheme by defining a minimum share of leguminous crops that farmers need to grow and include a crop rotation from different plant families to ensure maximum benefits to the soil and environment. Please also explain how this eco-scheme goes beyond GAEC 7 standard on crop rotation and ensure the consistency of the description with the commitments to beneficiaries on the ban of mineral and organic fertilisers.
119. TI05eko 1.2 ‘Intermediary crops’, Lithuania should provide additional explanations on how this scheme contributes to the selected needs d.4 and f.3 and justify the

selected result indicators. The commitments should be elaborated and clearly distinguished from the eligibility criteria so that it is possible to assess the scope of the eco-scheme that should go beyond the conditionality. Catch crops should be further defined as regards which species can be cultivated to ensure at least a minimum benefit for insects and birds. In this regard, the application of pesticides should be banned for the whole growing period.

120. TI05eko 1.3 ‘Under-sowing’, Lithuania should consider merging this eco-scheme with 1.2 (catch crops) or reinforce presented arguments to demonstrate a clear added value as compared to the GAEC standards and to extend the necessary minimum visibility period for crops.
121. TI05eko 1.4 ‘Application of certified seeds’, Lithuania is invited to elaborate on the description justifying the environmental and climate benefits of this eco-scheme. Based on the current draft, the scheme seems to be production-oriented. Lithuania is requested to justify its environmental benefit in order to qualify as an eco-scheme. In particular, this eco-scheme is counted towards R.12 (adaptation to climate change) while the link to adaptation is not explained.
122. While the proposal of an eco-scheme dedicated to landscape elements (TI05eko 1.5 ‘Maintenance of landscape elements’) is welcomed, Lithuania should elaborate on the commitments and the overall internal coherence of the intervention description so that it is possible to assess the scope of the proposed eco-scheme. Please reconsider the territorial scope of the scheme, as landscape elements in other grasslands and wetlands are also highly important to biodiversity, as well as the possibility to set a minimum share of landscape elements (beyond GAEC 8 for arable land). Please elaborate on links with GAEC 8 and consider linking this eco-scheme to R.31. Lithuania is invited to explore options to include in the scheme the agroforestry system as it has a large potential for GHG sequestration, prevention of erosion, retention of water and biodiversity.
123. TI05eko 1.6 ‘Melliferous strips’, Lithuania should provide additional explanations on the defined timeframe for the sowing and mowing of melliferous plants and reconsider the selection of result indicators to capture adequately the benefits of this eco-scheme aimed at pollinators. The links with R.12 ‘Adaptation to climate change’ (R.12) and R.19 ‘Improving and protecting soils’ (R.19) should be reconsidered to avoid overestimations. In order to maximise the impact of the proposed eco-scheme, Lithuania should define: the minimum size of fields and the eligible area for support; the minimum period in which plants are to be left on the field; and a minimum date until which plants are to be left uncut and uncrushed. Please also define the eligible area and explain the unit amount calculation (strips or overall parcels where the strips are set).
124. TI05eko 1.7 ‘Strips of permanent grassland’, Lithuania should provide additional explanations on the defined timeframe for grassland harvesting and reconsider the sowing period for annual strips of melliferous plants as well as links with the result indicators to capture the expected effects of the grass-based riparian strips. Lithuania is invited to indicate the minimum size of fields and the eligible area for compensatory payments. Lithuania should indicate the starting date of mowing, which guarantees protection of sensitive fauna and flora.
125. TI05eko 1.8 ‘No-tillage practices’, Lithuania should align the selection of the result indicators to the expected benefits of no-tillage practices on soil quality or provide

a stronger justification for the current choice of R.12 and R.22 that are linked to climate change adaptation and nutrient management. In order to maximise the effectiveness and ensure an overall environmental benefit, Lithuania should introduce accompanying practices, such as crop rotation and permanent soil cover, and more prescribed commitments to beneficiaries. Given that the no-tillage practices increase the risk of weeds presence in fields, this could potentially lead to additional herbicides applications. This can be minimised with the application of appropriate techniques within an integrated pest management / integrated weed control strategy. Lithuania is also invited to adapt the calculation method accordingly.

126. TI05eko2 ‘Sustainable fruits and vegetables’, Lithuania should elaborate on the commitments so that it is possible to assess how they effectively contribute to the reduction of use of plant protection products and the leaching of nutrients. Please also explain how the design of the commitments directly links to the selected R.22 while, based on the description of the premium calculation, the scheme seems to focus on pesticides reduction and use of biocontrol techniques. The impact of this eco-scheme could be maximised by a total ban on the use of all plant protection products.
127. TI05eko3 ‘Sustainable fruits and vegetables (quality scheme)’, Lithuania should provide a detailed description of the commitments so that is possible to assess the scheme’s contribution to the environment. The sole possession of the certificate under the national quality scheme in this respect is insufficient.
128. TI05eko4 ‘Conversion of peatlands’, Lithuania should define restrictions imposed on mowing during the bird nesting period as these grasslands may be attractive to ground nesting bird species that are threatened or endangered in Lithuania. Lithuania is also requested to indicate the minimum size of fields and the eligible area for compensatory payments.
129. TI05eko5 ‘Establishment of grassland on eroded soil’, Lithuania should clarify the differences between TI05eko4 and TI05eko5 as the objectives and the commitments are the same. Please clearly specify in the description if these schemes are designed for different target areas.
130. The Commission welcomes the eco-scheme TI05eko6 ‘Integrated grassland management’ as it addresses multiple environmental needs, notably to reduce peatland degradation and hence GHG emissions, and the provision of habitats for biodiversity. Lithuania is asked to complete the description of the scheme and requested to clearly distinguish the eligibility criteria and the commitments and present them under the relevant Sections of the description. Furthermore:
  - Lithuania should also provide additional explanations and clarifications on the conditions for the areas with natural constraints (ANC). An upper limit on livestock density would be needed to ensure the extensive nature of livestock grazing.
  - The lack of information on targeted species as well as management elements does not allow for a proper assessment of how this scheme fits in the intervention strategy and whether the identified need is adequately addressed.

- Lithuania is invited to revise its strategy to better address the needs of habitats of EU importance and to ensure a clearer contribution to the targets identified in the PAF.
131. The Commission welcomes the eco-scheme TI05eko7 ‘Extensive management of wetlands’. However, Lithuania should clarify the internal coherence (e.g. the need focuses on biodiversity while the result indicator is linked to GHG emissions and pesticides) and the articulation with the eco-scheme TI05eko6 on integrated grassland management, which also covers wetlands. Lithuania should also explain the period for mowing ban and its environmental benefit. Lithuania should include a definition of wetlands in order to ensure that the share of wetlands eligible for support is not decreased compared to the current programming period. In order to maximise the environmental effect of this scheme, Lithuania should consider setting a multiannual commitment.
  132. TI05eko8 ‘Conversion to organic farming’, Lithuania should complete the description of the scheme following the prescribed Plan structure so that it allows for a proper assessment. Please clarify the identified length of commitment (1 year) whilst conversion to organic farming normally takes 2-3 years. Please also explain and/or revise the payment rate that is very similar to KP01ekū ‘Maintenance of organic farming’. The result indicators relevant to this eco-scheme are: R.14 ‘Carbon storage in soils and biomass’ (R.14), R.19, R.21, R.22, R.24, R.29, and R.31.
  133. TI05eko9 ‘Animal welfare’, Lithuania should specify the commitments and clarify whether the three proposed practices are cumulative or alternative, and whether farmers can subscribe in parallel to eco-schemes focused on extensive grassland management (where a minimum grazing period is also set). Through this scheme, Lithuania is invited to consider the promotion of low-protein feeding strategies for the reduction of ammonia emissions.

#### 2.3.2.5. *CIS (Article 32-35 of the SPR, Section 5 of the Plan)*

134. In order to address efficiently difficulties and improve the competitiveness and sustainability of the sector and to avoid that the proposed CIS interventions lead to a deterioration of the environmental and climate situation (e.g. resulting from intensification of livestock farming), Lithuania is requested to clarify the interplay between CIS and other support decisions under the Plan and to improve, if relevant, the CIS interventions’ targeting (e.g. eligibility conditions for specific types of farming within a sector and CIS adapted to different local context).
135. Lithuania is invited to support by statistical evidence the justification of difficulties of the sectors concerned. Regarding the need to increase the degree of self-sufficiency and/or mitigate imports, the Commission informs Lithuania that the arguments provided are not in line with the requirements laid down in the SPR, given that coupled payments are designed to address the difficulty of the eligible sector by improving its competitiveness, quality or sustainability.
136. Lithuania should ensure that the eligibility conditions are designed at a sufficient level of detail and are aimed to improve notably the selected quality and sustainability objectives. Where thresholds are introduced in the eligibility criteria (e.g. dairy 4th level of support), their rationale should be explained to achieve the



aims of the intervention, while avoiding discrimination and/or inconsistencies with other identified needs.

137. The long-term improvements can be better secured if the CIS is accompanied by other support interventions, especially sector-related interventions. Therefore, Lithuania is invited to describe the synergies with the other interventions of the Plan, including support to young farmers and areas with natural constraints, and present them in Section 3.5 of the Plan.
138. Lithuania is invited to define the eligibility of the sectors targeted by the CIS in compliance with Article 33 (e.g. potatoes) of the SPR. Furthermore, access to additional funding for protein crops (a maximum of 2 % in total) must be in accordance with Article 96(3) of the SPR (e.g. crop mixtures).
139. While budgetary constraints are understandable, Lithuania is encouraged to revise the presented justification of the unit amount and base it on the real needs of the targeted sectors rather than on the available budget. Lithuania is also invited to elaborate and justify the unit rate, its variation (minimum and maximum amount) and its planned annual increase based on the objective chosen for the CIS interventions (e.g., full compensation, partial compensation; negative operational margin; average income gap coverage).
140. Besides the selected R.8 ‘Targeting farms in specific sectors’, Lithuania is invited to consider linking coupled income support interventions to R.4, R.6 and R.7.
141. The Commission should inform Member States about reduction coefficients, if any, related to the EU WTO schedule on oilseeds (Blair House) in the observation letter to the Plan. However, the Commission has not received all the information needed yet. Once all Member States have submitted their Plans, the Commission will inform Member States, if such coefficient is needed.

### *2.3.3. For sectorial interventions*

#### *2.3.3.1. Fruit and vegetables*

142. The Commission invites Lithuania to provide updated information on the number of recognised POs in the fruit and vegetables sector taking into account that the Plan foresees two operational programmes being implemented as of 2023 (indicator O.35).
143. The current draft of interventions makes no link to the cross-cutting objective. The Commission considers that the link, where relevant, should be established, for example, in intervention “ADV1(47(1)(b))”.
144. Similarly, there are no links established with SO3 although those links do exist. Lithuania is invited to make the necessary corrections.
145. As regards result indicators, Lithuania is invited to take into account R.10 and R.11 ‘Fruit and Vegetables Concentration of supply’, to which a reference is mandatory based on Article 160 of Regulation (EU) 1308/2013 and Article 46(b) of the SPR. Similarly, R.5 ‘Risk management’ is mandatory for all fruit and vegetable sectorial types of interventions based on Article 47(2) of the SPR. Please also consider linking interventions “INVRE(47(1)(a))” and P01vid1 with R.39 ‘Developing the

rural economy’ and R.27 ‘Environmental and climate-related performance through investment in rural areas’ (R.27).

146. Lithuania is invited to verify and properly describe in the Plan how all additional requirements set out in Regulation (EU) 2022/126, for instance, the percentage for minimum water savings (Article 11(4)(a) of Regulation (EU) 2022/126), are to be addressed.
147. Please complete Section 6 and include elements described in Article 52 of the SPR.
148. Lithuania should ensure that operational programmes include three or more actions (80% of member of producers organisation rule) linked to the objectives referred to in points (e) and (f) of Article 46 of the SPR (Article 50(7)(b) of the SPR).
149. Please ensure that the interventions within the types of interventions referred to in Article 47(2), points (f), (g) and (h) of the SPR, do not exceed one third of the total expenditure under operational programmes (Article 50(7)(d) of the SPR).

#### *2.3.3.2. Apiculture*

150. The presented apiculture interventions lack structure and information needed for the assessment. Thus, Lithuania is invited to:
  - include under Section 3.5.2 a reliable method for determining the number of beehives in accordance with the provisions of Article 37 of Regulation (EU) 2022/126;
  - revise tables in Sections 5.2 and 6.2.2 and include the total public expenditure in the updated tables;
  - ensure that the indicative financial allocation for 2023 also takes into account any planned expenditure for implementation of measures under the National Apiculture Programme 2020-2022 during the extension period from 1 August to 31 December 2022;
  - name the interventions according to the support provided and type of intervention they refer to;
  - ensure the eligible expenditures comply with the provisions of Article 22 of and Annex II, part 1 to Regulation (EU) 2022/126 (e.g. purchase of means of transport under SPO3med2 is ineligible as per point 4 of Annex II);
  - considerably improve the description in Section 5 by providing the required information under each section in a clear and structured way and only that information which is relevant to the intervention, avoiding repetition and unnecessary information. It should include a description of how the specific intervention addresses the sectoral objectives, followed by the specific actions supported, eligible expenditure (providing at least some examples of eligible costs), beneficiaries and eligibility conditions;
  - support interventions/actions under the relevant type of intervention outlined in Article 55(1) (e.g. analysis of honey/bee products under Article 55(1)(c) rather than SPO3med6 or S03med4; participation in food exhibitions/information on bee products under SPO3med5 rather than SPO3med1);

- calculate the value for the result indicator R.35. Only intervention SP03med2 should contribute to this indicator (Article 111 of the SPR);
- ensure the consistency of the description provided under Section 9 with the information provided in Section 6 as well as justify and explain how these were determined;
- define distinct planned unit amounts and outputs for the different actions supported rather than a single amount for all (particularly in SP03med2 with a broad range of diverse actions supported);
- revise Section 6 by providing the relevant information on amounts and rates of aid for the actions supported. The provisions regarding eligibility of costs incurred during apiculture year no longer apply under the Plan;
- clarify the demarcation with EAFRD interventions.

#### 2.3.3.3. *Wine*

151. Lithuania is invited to remove the link with SO9 and need i.1 as well as to address the relevant comments presented under Section ‘Minimum ring-fencing’ of this Annex.

#### 2.3.4. *For rural development*

152. Lithuania is requested to improve the description of rural development interventions in terms of clarity and provide further details allowing their proper assessment and understanding of the intervention strategy. It should:

- ensure that interventions are correctly detailed under their respective sub-sections in the Plan, linked to the appropriate result indicators as well as in line with the state aid rules and WTO requirements;
- ensure that all definitions used in the descriptions of interventions are explained (e.g. beneficiary ‘a farmer with a partner’, ‘small farm’, etc.) and used consistently in the Plan; ensure consistency of ‘rural area’ definition with the interventions;
- explain how each rural development intervention complements the relevant eco-schemes, sectoral interventions and other interventions and avoids double funding;
- clarify if farmers certified for organic farming (and receiving relevant support under EAFRD) would be eligible in parallel to participate in the related eco-schemes;
- ensure compliance with the provisions of Article 73(5) of the SPR on the new compulsory standards in all relevant investment interventions;
- elaborate on targeting of the interventions, especially by taking into account the scale of the need for intervention and the allocated resources;
- harmonise the description of support ranges and planned unit amounts. The Section “range of support at beneficiary level” should indicate a range and the

minimum level of support. The support amount should be differentiated, where applicable, in accordance with objective criteria in line with the targeting and the identified need.

- revise the environment and climate-related interventions in order to ensure their direct contribution to the environment and climate objectives and consider their reinforcement by creating interlinkages between eco-schemes, CIS and rural development support;
- consider introducing in Section 4.7.3 of the Plan a general eligibility requirement for an assessment of the expected environmental impact in accordance with the applicable legislation for the type of investment concerned, where an investment is likely to have negative effects on the environment.
- provide the following information and certification for interventions designed under Article 70, Article 71, and Article 72 of the SPR:
  - (a) a brief description of the method for calculating the amount of support and its certification according to Article 82 of the SPR in Section 7 of each intervention concerned,
  - (b) the full certified method of calculation (when carried out by an independent body) and in case it has been carried out by the managing authority, the certification by an independent body in an annex to the Plan.

#### *2.3.4.1. Management commitments (Article 70 of the SPR, Section 5 of the Plan)*

### **Observations common to organic farming interventions**

153. Lithuania should justify the level of degressivity and the farm size threshold starting from which degressive payment applies for maintenance of organic farming, and provide explanations on the different levels of payments for the three groups of crops in Section 7 of KP01ekū 'Maintenance of organic farming'. Possible combinations with the various eco-schemes need to be elaborated and possible synergies as regards environmental benefits should be indicated. Lithuania is also requested to clarify how the double funding of similar elements will be avoided.
154. Lithuania should consider additional linkages of the intervention KP01ekū 'Maintenance of organic farming' to SO4 and SO6 as well as the result indicators R.14, R.19, R.21, R.22, R.24, R.31 and possibly R.43 'Limiting antimicrobial use' and R.44 'Improving animal welfare'.
155. Lithuania is requested to ensure the coherence with the carry-over commitments and outputs for all unit amounts for the different crop types under the eco-scheme TI05eko8 (conversion to organic farming).

### **Observations common to forestry commitments**

156. Lithuania is requested to consider and focus on climate change and biodiversity friendly forest management practices.

157. Lithuania should revise the intervention KP03imp 'Forest management and protection' ensuring that management commitment-related elements are separated from investment-related elements in accordance with the SPR, and correct the result indicator accordingly.
158. Lithuania should include a reference to the EU Forest Strategy and indicate whether the proposed interventions contribute to its implementation.

#### **Observations common to genetic resources**

159. Lithuania is invited to complete intervention KP09gen 'Preserving endangered breeds' so that it is possible to assess its compliance with the legal basis (Article 45(1)(a), 45(2)(a) etc. of Regulation (EU) 2022/126), including the references to the use of herd or flock breeding book, and number of breeding females at national level.
160. Lithuania is invited to reinforce the description by explaining how the intervention builds on experiences from 2014-2022 and how the support will improve upon the current situation, listing the breeds eligible for support, providing links to monitoring or breeding programmes and to any other environmental requirements, and by defining planned unit amounts.
161. Under eligibility conditions, Lithuania is invited to define the minimum number of animals per breed type to ensure it is adequate to achieve the aim of the intervention.

#### **Observations common to ANC interventions**

162. Lithuania is asked to clarify what are the additional restrictions referred to in point 4 of the eligibility conditions. Lithuania should also provide additional explanations on the increased threshold for degressivity as compared to the current programming period and to clarify how overcompensation will be avoided.
163. Lithuania is requested to provide further clarifications as regards the potential cumulation of support and to explain consistency with other interventions, i.e. eco-schemes. In addition, based on the description of the design of the support, it is unclear whether output indicator O.12 covers arable land and grassland (pasture).
164. Concerning the output indicator O.12, the data provided (ha) show a significant decrease in areas with natural constraints (ANC) supported areas compared to the 2014-2022 programming period. Lithuania should explain the reasons for this decrease given that the designation of such areas remains unchanged.
165. Lithuania may also consider linking this intervention to result indicator R.4.

#### **Observations common to N2000/WFD payments**

166. In relation to intervention KP07ntž 'Natura 2000 payments on arable land', Lithuania should complete the intervention description by elaborating on specific requirements resulting from the implementation of Natura 2000 restrictions, on which the payment calculation will be based (and the commitment to apply them should be included in the list of the commitments for the beneficiary).

167. Lithuania should specify the method for calculating the compensatory payment, the level of payment, the payment itself, complete Tables 12 and 13 and provide the accompanying explanations. It is also requested to clarify how the budget will be balanced given the current draft proposes an increase in payment per hectare, while the total allocation for this intervention has been reduced as compared to the annual allocations in the current programming period.
  168. Lithuania is invited to add a link to SO1 and the relevant need as well as consider replacing the result indicator by R.4 and R.7.
  169. Similar to intervention KP07ntž ‘Natura 2000 payments on arable land’, Lithuania is invited to consider linking KP06ntm ‘Natura 2000 payments in forests’ with SO1 and replacing result indicator R.33 ‘Improving Natura 2000 management’ by R.7.
  170. Lithuania is requested to explain what caused the drop in the level of payment for the prohibition of sustainable logging as compared to the current programming period, while the other premia have increased.
  171. Lithuania is invited to consider introducing an intervention for compensation payments for mandatory requirements resulting from the WFD.
- 2.3.4.2. *Investments, including investments in irrigation (Article 73-74 of the SPR, Section 5 of the Plan)*

#### **Observations common to forestry investments**

172. Lithuania is encouraged to maximise the use of available resources and avoid duplication with the maintenance commitments in RDP 2014-2022. Taking into account climate warming and the decrease of biodiversity, there is a need for a shift in the tree species composition selected for afforestation. It is therefore necessary to gradually introduce species that are more adapted to the changing climate in order to ensure environmentally resilient stands and to enhance biodiversity by building highly diverse forests. Therefore, Lithuania is invited to increase the required minimum 10% of deciduous forest and define the most relevant composition of stands, as well as define the unit amount for afforestation.
173. Lithuania should explain how it will increase resilience not only of the new forest stands but also of the existing forest stands and adapt forestry-related interventions if relevant.
174. Lithuania should explain the sharp drop in the afforestation expectations as compared to the current programming period, particularly when the new intervention intends to cover not only afforestation but also forest restoration activities.
175. Moreover, Lithuania is invited to add a reference to the Pan-European Afforestation and Reforestation Guidelines at the level of intervention.
176. Lithuania is invited to consider replacing the current output indicator by off-farm indicator O.23 and linking thinning of young stands to result indicator R.27.

**Observations common to green investments** (investments as referred to in Article 73(4)(a)(i) of the SPR)

177. In relation to KP31tvi ‘Sustainable investments’ intervention, Lithuania should revise the scope of the intervention, so that it covers ‘green’ investments only and thus the higher support rate as well as accounting for the environmental ring-fencing could apply. This intervention represents an opportunity for e.g. supporting low-emission animal housing or conversion of manure/slurry into biogas, which should be addressed. Lithuania should ensure that investments go clearly beyond mandatory requirements and normal practices.
178. Lithuania should consider options and envisage actions on how to improve the uptake of sustainable investments.
179. Lithuania should describe the synergies and links with other related interventions and ensure that double funding is avoided.

**Observations common to non-productive investments**

180. In relation to intervention KP08neg1 ‘Non-productive investments’, Lithuania should complete the description of the intervention to permit its proper assessment. The current description lacks essential information, namely on: beneficiary, eligibility conditions and eligible investments, commitments/obligations, range of support, etc. Furthermore:
  - It should also assess to what extent proposed investments are linked to or different from maintenance (management commitments) which could be supported under the interventions provided for in Article 71 or Article 30 of the SPR. The Commission strongly recommends to link non-productive investments to obligatory management commitments.
  - Lithuania should elaborate on the “management of wetlands” and explain the link to the improvement of biodiversity through this investment.
  - Lithuania is invited to consider replacing the identified result indicator by R.26 and R.32 if the investments are on-farm, R.27 in case of off-farm.
  - Lithuania is encouraged to explore possibilities of further ambitious actions. In this respect, the PAF could guide on the needs for non-productive investments.
181. In relation to intervention KP08neg2 ‘Preventive actions against disasters’, Lithuania is invited to provide more details on the scope of the intervention (Section 5), especially actions envisaged for support and how they link with the SWOT analysis, specific objectives and identified needs. Furthermore:
  - It should be noted that biosecurity investments (e.g. installing a gate, changing rooms) do not qualify as non-productive and/or ‘green’ investments. Therefore, references to non-productive and/or green investments (investments as referred to in Article 73(4)(a)(i) of the SPR) should be removed, and the intervention description adapted accordingly (output indicator, result indicator, description, level of support, etc.).

- Lithuania is invited to clarify the proposed support: is it cumulative or alternative (amount per project or amount per LU).

182. In relation to intervention KP08neg3 ‘Preventive actions against predators’, Lithuania should elaborate on the eligible investments, which should be included in Section 5 of the intervention, and clarify the targeting in terms of territory. It should also revise the section on planned unit amounts. It is mandatory to establish also a planned average unit amount. Moreover, the maximum planned average unit amount should not represent the upper ceiling for the payment per beneficiary.

### **Observations common to controlled drainage**

183. In relation to intervention KP10mel ‘Investments in controlled drainage’, Lithuania should elaborate on the scope of the intervention focusing on the linkages of regulated drainage to the clear and direct climate and environmental benefits. Only investments with such proven linkages can qualify as a ‘green’ investment with a higher support rate and accounting for the environmental ring-fencing. Furthermore:

- Based on the assessment of the current draft, the present intervention is a productive intervention with a clear focus on increasing the production of agricultural holdings. The link to SO5 and SO6, and to result indicators R.26 and R.27 seems weak.
- If the GHG mitigation potential is not satisfactorily demonstrated, investment in regulated drainage systems cannot qualify as a non-productive investment and the contribution rate of 80% is not possible.
- Lithuania is also invited to ensure compliance with the relevant provisions of Article 74 of the SPR, define the targeting and the minimum support rate.

### **Observations common to the productive investments interventions**

184. Lithuania is invited to provide explanations and/or revision with regard to the low level of ambition for farm modernisation (R.9 at 1,013%).

185. It is indicated that investments in irrigation will be eligible for support under interventions KP12vld ‘Investments in holdings’ and KP32svp ‘Small and medium-size farms’ development and cooperation’. Lithuania should clarify what type of investments in irrigation can be covered by these interventions, ensure that they are in line with Article 74 of the SPR, by describing the environmental safeguards and conditions for support as well as specify the expected water saving potential.

186. The current description of productive investment interventions does not allow for a proper assessment. Lithuania should clarify the intervention descriptions and define clearer demarcations between relevant rural development as well as sectoral interventions.

187. Clarifications should be provided on the proposed eligibility for ‘cooperative projects’ and on the priority in relation to lending to the smaller size farms.



188. Lithuania should explain planned unit amounts as required by the Plan structure and consider linking intervention KP12vld ‘Investments in holdings’ also to R.3 as well as include a condition on the durability of investments for all productive investment interventions.
189. In relation to intervention KP14prd ‘Investments in bioeconomy business’, Lithuania should revise the description according to comments presented in point 149 of this Annex, where relevant, and remove all conditional links to production and exports.
190. Lithuania is invited to correct the legal basis for intervention KP26tk ‘Quality schemes’ as it should be designed under Article 77 of the SPR and in this way cannot be linked to the environmental ring-fencing.

*2.3.4.3. Installation aid (Article 75 of the SPR, Section 5 of the Plan)*

191. Lithuania is invited to provide additional clarifications on how it will be decided whether a young farmer is in the process of setting-up and when the setting-up has been completed. It should consider linking KP17jūs ‘Installation of young farmers’ intervention to R.37.
192. Lithuania is invited to consider including an intervention on the business start-up in order to cover further the emerging needs in the rural areas or to explain how related needs will be addressed outside the CAP.

*2.3.4.4. Risk management (Article 76 of the SPR, Section 5 of the Plan)*

193. Lithuania is invited to justify the decision of including in intervention KP15riz ‘Crop, plant and animal insurance’ only insurance in relation to drought and frost damage and to include information as to whether single or multi-peril losses are covered. Furthermore:
  - It should include in the relevant sections the threshold triggering compensation, as well as a description of the methodology for calculation of losses, including for indices, if such are to be used.
  - Lithuania is invited to describe the provisions in order to avoid overcompensation, for example in relation to relevant sectoral interventions.
  - It should also include an explanation and justification related to the value of the unit amount as well as provide the assessment on WTO compliance.
194. In relation to intervention KP16sav ‘Mutual funds’, a number of elements need to be clarified, notably: how the intervention will respond to the need of addressing income fluctuations, the sector-specific or general nature of the intervention, the degressivity and duration of support, compliance with state aid rules and WTO rules/obligations, as well as an explanation and justification related to the value of the unit amounts.

#### 2.3.4.5. Cooperation (Article 77 of the SPR, Section 5 of the Plan)

##### **Observations common to Leader and ‘smart villages’**

195. The LEADER intervention appears to be the only intervention supporting wider rural development (outside agri-food sector) – and is expected to cover a whole range of rural needs. Lithuania is invited to streamline the LEADER intervention fully in line with its method (e.g. including innovation at the local level) so that the intervention can deliver added value (in terms of better social capital, local governance and better project results compared with non-LEADER delivery). Complementary measures covering basic needs could be envisaged in view of the large rural-urban gap in Lithuania. Lithuania is also invited to provide additional clarification and/or revision on definition of sub-regional level, partnership, functions of Local Action Groups (LAGs), principles of selection of Local Development Strategies etc.
196. In relation to intervention KP21sum ‘Smart villages’, Lithuania is invited to provide additional explanations on the implementation it envisages of the ‘smart villages’ concept, namely: the preparatory work for the setting-up of smart villages strategies; the process for selecting and implementing the relevant projects, the role of LAGs as facilitators and as beneficiaries, the type of activities and the synergies with the LEADER intervention. Further explanations are needed on the choice of five categories for intervention in order to better understand the main principles and expected outcomes.

##### **Observations common to cooperation interventions, quality schemes and EIP**

197. Lithuania is invited to explain the reasons to discontinue the quality schemes’ intervention KP26Tks ‘Quality schemes’ which is limited to carried over operations from its RDP, that is well aligned with the identified need c.4, and provide further details on if and how Lithuania intends to support products under geographical indications (GIs) scheme. Lithuania is also invited to correct the legal basis for KP26Tks ‘Quality schemes’ (currently classified as an investment intervention) and adapt the intervention accordingly (output indicator, no ring-fencing, legal references, type of payment). It should be ensured that carried-over operations paid under the Plan follow the requirements laid down in the SPR in terms of content.
198. Lithuania is invited to describe complementarities, if any, with other interventions (rural development and sectoral) for the interventions KP19ssb ‘Small farms’ development and cooperation’ and KP14gra ‘Short-supply chains’. Furthermore:
- It should be recalled that under cooperation type of interventions, support may be granted for new forms of cooperation, including existing ones if starting a new activity. Lithuania is invited to describe explicitly these aspects for the interventions KP19ssb ‘Small farms’ development and cooperation’ and KP14gra ‘Short-supply chains’ and to include all the minimum requirements laid down in Article 77 and Article 73 of the SPR, including the duration of the support to cooperation schemes.
  - Lithuania is encouraged to elaborate and/or amend the purpose and the added value of the cooperation schemes (why they are not possible without the joint

action), the beneficiaries, and how the benefits of supported actions will be distributed among participating farmers.

- Explanations and/or revisions are expected with regard to the particularly low level of ambition for cooperation type of interventions, which according to the result indicator R.10 stands at 0,15%.

199. Lithuania is invited to fill in the template for intervention KP27Tgo ‘Producer organisations’. Carried-over operations paid under the Plan should follow the requirements laid down in the SPR in terms of content.

200. It should be noted that EIP operational group innovation is a broad concept and can be based on improving traditional practices into a new geographical or environmental context (Article 127(3) of the SPR). As such, it can as well encompass short supply chains and cooperation of small farms, which are now under a separate intervention. In order to reduce the administrative burden and simplify the implementation, Lithuania is invited to explore the possibility of merging some of the proposed interventions or better explaining the purpose and differentiation of each of the interventions pursuant to Article 77 of the SPR.

201. In relation to intervention KP22eip ‘European Innovation Partnerships’, Lithuania is invited to enhance the coherence between the description of the intervention implementation and the content of Section 8. The Commission recommends to keep the design of the intervention simple, for example, usually this intervention is implemented in two steps and open enough to pay for development of grassroots ideas too. Clarifications are needed on the ways of involving advisors in the EIP operational groups, their possible motivation, the organisation and promotion of the transnational operational groups, and ensuring the use of an adequate amount to attract competent partners for the development of good project proposals.

202. Please mention the interactive innovation model (Article 127(3) of the SPR) in the conditions for the intervention. There is no need for all EIP operational group partners to have relevant academic qualifications: relevance and expertise to contribute to the objectives of the project is sufficient.

#### *2.3.4.6. Knowledge exchange and advice (Article 78 of the SPR, Section 5 of the Plan)*

203. Lithuania should reconsider the budget allocation for the knowledge, advice and innovation interventions, which does not seem to respond to the identified needs. Furthermore, the Commission strongly recommends that Lithuania makes available appropriate financial means for these interventions for the year 2023 to avoid a funding gap between the two periods.

204. Lithuania is invited to provide more information on how farmers and advisors will be involved in intervention KP23ppi ‘Project demonstration and knowledge’ and to explore the possibility to focus this intervention on demonstrations on genuine farms working under real production conditions. Please consider links to indicator R.28.

205. In relation to intervention KP24pmj ‘Vocational training’, Lithuania is invited to explain how the provision of advice and training will be aligned with the specific needs and expectations of the agricultural holdings and other actors (not only new holding managers). It is invited to consider links to indicator R.28.

206. Lithuania should ensure sufficient flexibility under intervention KP25kon 'Advisory services' in order to keep advisors up to date with the changes and challenges in agriculture and to use conditions and modalities which open up the intervention to all advisors.

#### *2.3.4.7. Financial instruments (Article 80 of the SPR, Section 4.6 of the Plan)*

207. Lithuania should specify the support rates applicable to financial instruments, as currently the relevant sections mainly define the maximum financing amount and the support ceiling for working capital finance. Otherwise, general conditions defined for grants will apply (other than the working capital finance). Lithuania should define the annual financial allocations under 'out of which for financial instruments' in Table 13 of each relevant intervention as well as solely to financial instruments dedicated interventions where the 'total' will represent the same figure (e.g., intervention on processing).

208. Lithuania should also describe the general principles and specificities for controlling financial instruments in Section 7.3 of the Plan.

### **3. FINANCIAL OVERVIEW TABLE**

209. For sectorial interventions, Lithuania is reminded that, in accordance with Article 156 of the SPR, the sum of all payments made during a given financial year for a sector - irrespective for which programme and under which legal base those were granted - cannot exceed the financial allocations referred to in Article 88 of the SPR for that given financial year for that sector. As regards the type of interventions in certain sectors defined in Article 42 of the SPR, expenditure that will be paid in 2023, or in the subsequent financial years relating to measures implemented under Regulation (EU) No 1308/2013 for these same sectors, shall not be entered in the Annual indicative financial allocations under Section 5 or in the Financial Overview table under Section 6 of the Plan.

210. Lithuania is invited to make some adjustments with respect to figures presented for the wine sector. Annual indicative financial allocations under Section 5 of the Plan do not correspond to the planned amounts in the Financial Overview table under Section 6 of the Plan. Financial allocations in Section 5 should also cover FY 2023. This possibility will be open in SFC for the subsequent submissions.

211. Concerning rural development allocations, Lithuania should ensure coherence between data entered in Section 5 and Section 6 of the Plan (only totals should match for rural development interventions), Section 5.3 identifies two interventions as contributing to LEADER (KP20vvg 'Local initiatives (LEADER)' and KP21sum 'Smart villages') while only the amount of KP20vvg 'Local initiatives (LEADER)' is included in the Overview table (Section 6). Lithuania is also invited to check and correct figures on allocations reserved for financial year 2027 as allocations for environmental and climate objectives, LEADER, young farmers in Overview table (Section 6) are already exceeding the maximum allocation for that year.

212. Rows 42 and 46 on support for young farmers should be completed.

#### **4. CAP PLAN GOVERNANCE, EXCLUDING CONTROLS AND PENALTIES**

213. On Section 7.1, Lithuania is invited to clarify the role of the control, delegated and intermediate bodies.
214. On Section 7.2, Lithuania is invited to describe the information technology systems and databases developed for the extraction, compilation and reporting of data to be used for performance reporting, reconciliation and verification purposes, along with the controls in place to ensure the reliability of the underlying data.
215. As regards Sections 7.3, 7.4 and 7.5, comments will be delivered by the Commission services in a separate communication.
216. Lithuania is reminded to ensure a balanced representation of the relevant bodies in the monitoring committee, concerning women, youth and the interests of people in disadvantaged situations.

#### **5. ANNEXES**

217. Annex V should contain data for EAFRD participation, matching national funds and additional national support for all activities falling outside the scope of Article 42 of the TFEU.
218. Annex VI to the Plan on Transitional National Aid (TNA): Lithuania is invited to confirm that no TNA is planned for the period 2023-2027.
219. Summaries of the ex-ante evaluation and the Strategic Environmental Assessment should be completed and annexed to the Plan.